



Doing Business In United Arab Emirates: A Country Commercial Guide for U.S. Companies

Investment Climate

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Import Tariffs

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Effective January 1, 2003, the UAE acceded to the Gulf Cooperation Council (GCC) Customs Union that equalizes the duties paid upon entry of an item to any member state, regardless of the country of destination within the GCC. For example, an item imported into the UAE destined for the Saudi market is subject to the five percent duty once it enters the UAE market. In theory, the trader need not pay customs duties again to take the item across the border into Saudi Arabia.

The GCC has recently reviewed the list of goods that are exempt from Customs duties and that list is available on the Dubai Customs web site at www.dxbcustoms.gov.ae.

The Customs duty for most items is calculated on CIF value at the rate of five percent. Alcoholic products are assessed a 50 percent duty, while tobacco products are assessed a 100 percent customs duty. Many essential items, including staple foodstuffs and pharmaceuticals are given duty free status. CIF value will normally be calculated by reference to the commercial invoices covering the related shipment, but Customs is not bound to accept the figures shown therein and may set an estimated value on the goods, which shall be final, as far as duty is concerned.

Trade Barriers

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The United Arab Emirates (UAE) maintains a free exchange and liberal trading system. The Gulf Cooperation Council (GCC), consisting of the UAE, Saudi Arabia, Kuwait, Bahrain, Qatar and Oman, has been discussing a common external tariff for some years. As a result of these efforts, on January 1, 2003, the GCC states agreed to harmonize their import duties to five percent.

In advance of the GCC Customs Union agreement, the UAE created the UAE Customs Authority. The Customs Authority's main priority is to create a customs union within the UAE to unify Customs rules, regulations, procedures and documentation.

Only firms with the appropriate trade license can engage in importation. Documentation requirements follow international standards and delays in custom clearance have been infrequent. The competition for business between the port facilities of the different emirates has kept user rates at a minimum and put a premium on services. There are no duties on exports. For religious and security reasons, there are various restrictions on the import of alcohol, tobacco, firearms, and pork products.

The UAE maintains non-tariff barriers to trade and investment in the form of restrictive agency/sponsorship/distributorship requirements and restrictive shelf-life requirements for foodstuffs. Since June 1996, the UAE Federal Government elected not to register new food agency agreements. Food agency agreements prior to June 1996 are still operational.

In order to do business in the UAE outside of one of the free zones, a foreign business must have a UAE national sponsor, agent, or distributor. Once chosen, sponsors, agents, or distributors have exclusive rights for non-food products only. Agency law does not pertain to food products. Agents and distributors cannot be easily replaced without their agreement. The UAE requires a company be registered in order to be invited to receive government tender documents. Government tendering is not conducted according to generally accepted international standards. Re-tendering is the norm, often as many as three or four times. To bid on federal projects, a supplier or contractor must either be a UAE national or a company in which UAE nationals own at least 51 percent of the share capital. Federal tenders must be accompanied by a bid bond in the form of an unconditional bank guarantee for five percent of the value of the bid. However, these rules do not apply to major project awards or defense contracts, where there is no local company that can provide the goods or services required. The UAE has no formal requirement that a portion of any government tender be subcontracted to local firms, but local companies clearly enjoy a competitive advantage.

As part and parcel of its development into a regional trading center, the UAE government has made the protection of intellectual property a priority in recent years. New copyright, trademark and patent laws, passed in 2002, provide high levels of protection for U.S. intellectual property. The UAE is party to the Paris Convention for the Protection of Industrial Property, and a member of the World Intellectual Property Organization (WIPO) and World Trade Organization (WTO).

Agricultural Trade Barriers

Food products face relatively minor trade barriers. GCC-mandated shelf-life requirements for close to 100 products require that all processed products carry both production and expiration dates on the original manufactured applied label. In addition,

all imported food products must have one-half or more of their shelf life in effect at the time of import in order for import clearance to be granted.

Various free guides to doing business in the UAE are available from accounting and law firms located in the UAE. Additionally, the US Embassy Agricultural Trade Office has published a Food Exporters Guide for doing business in the GCC-5. (Bahrain, Kuwait, Oman, Qatar and UAE).

The UAE has no import quotas but has non-tariff barriers in the form of restrictive agency/sponsorship/distributorship requirements affecting food trade. Since June 1996 the UAE no longer registers food agency agreements. However, food agency agreements entered into force prior to this date remain legally enforced and operational.

Imports of alcoholic beverages, tobacco and pork products are permitted but restricted.

Import Requirements and Documentation

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The consignee/agent should obtain a delivery order from the Shipping Agent and submit original standard trade documentation, including certificates of origin, bills of lading, commercial invoice, export declaration and various government/embassy attestations. These documents must be presented for all imports and exports. Various free guides to doing business in the UAE are available from accounting and law firms located in the UAE. Additionally, the US Embassy Agricultural Trade Office has published a Food Exporters Guide for doing business in the GCC-5. (Bahrain, Kuwait, Oman, Qatar and UAE).

Effective January 1, 2003, the UAE acceded to the GCC Customs Union that equalizes the duties paid upon entry of an item to any member state, regardless of the country of destination within the GCC. For example, an item imported into the UAE destined for the Saudi market is subject to the 5 percent duty once it enters the UAE proper. In theory, the trader need not pay customs duties again to take the item across the border into Saudi Arabia.

There have been some problems in the transition period and the GCC is working to resolve these problems. Some items that were previously exempt from duty in Abu Dhabi emirate, for example, are no longer exempt under the new national/regional tariff scheme. The GCC has recently undertaken to review the exemption list, which is available on the Dubai Customs web site at www.dxbcustoms.gov.ae. There has also been uneven implementation in the Gulf region.

U.S. Export Controls

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All goods exported to or re-exported from the UAE must have proper documentation issued by the Ministry of Economy and Commerce and the various Chambers of Commerce in the respective individual emirates. US firms seeking to export goods from the US to the UAE should consult the appropriate US export control agencies regarding

the need for an export license for the UAE. The UAE has a thriving transshipment and re-export business. US firms should also consult the proper US authorities regarding the need to obtain re-export authorization for items to be re-exported from the UAE to other countries, as well as exercising caution that US goods are not re-exported to prohibited countries without the proper permission. The commercial section of the embassy in Abu has a commercial officer specifically to assist US firms in compliance with US export controls.

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As a general rule, imports of goods into the UAE for the purpose of re-export within six months are exempt from customs duty. However, a deposit or submission of a bank guarantee in lieu of duty is required by Customs. The deposit or bank guarantee is refunded/released by the local Custom authority on proof of re-export. Goods remaining in the UAE after six months are liable for customs duty.

Goods may be imported duty free and stored in any of several free zones in the UAE. Goods that enter the UAE from these free zones must pay the duty noted previously. There is no provision for duty free entry of parts or components intended for the manufacture of goods to subsequently be exported. As duties are already so low, this has not been a major impediment to manufacturing industries in the UAE.

Labeling and Marking Requirements

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Food labels must include product and brand names, production and expiry dates, country of origin, name and address of the manufacturer, net weight in metric units, and a list of ingredients and additives in descending order of importance. All fats and oils used as ingredients must be specifically identified on the label. Labels must be in Arabic only or Arabic/English. Arabic stickers are accepted. Note: the production and expiry dates must be printed on the original manufactured installed label.

Shelf life Standards: the UAE enforces a shelf-life standard for 100 food products. The manufacturer established shelf life is accepted for other food products. The manufacturer must print production and expiry dates on the original label or container. Dates cannot be added after the fact via a sticker. The U.S. supplier should work closely with the importer to ensure compliance with local shelf-life requirements.

Prohibited and Restricted Imports

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All kind of illicit drugs (hashish, cocaine, heroin, etc.) are prohibited in the UAE, as is forged currency and pornography. Publications, videos, photographs, oil paintings, cards, books, magazines and sculptures that do not adhere to religious morals and those that aim to cause corruption and disorder are also banned. The UAE is serious about enforcing intellectual property rights and prohibits the importation of counterfeit goods that infringe on these commercial rights.

Irradiated food products are prohibited, while imports of alcohol and pork products are strictly regulated

Customs Contact Information

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Dubai Customs: <http://www.dxbcustoms.gov.ae/>

Abu Dhabi Customs: <http://www.auhcustoms.gov.ae/>

Sharjah Customs: <http://www.sharjahcustoms.gov.ae/>

Fujairah Customs: http://www.fujairahfreezone.com/hdo_start.html

Standards

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Overview

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The UAE recently established a new standards organization responsible for formulating and enforcing UAE/GCC standards. This organization, the Emirates Authority for Standardization and Metrology (ESMA), is now an independent entity from the Federal Ministry of Finance and Industry. However, the national and emirate governments, as well as professional associations, are constantly reviewing standards requirements. This is particularly true for the construction industry. Currently, government agencies and private firms stipulate the standards on a project-by-project basis. This allows for a wide range of acceptable product performance, makes health and safety monitoring difficult, and permits the use of low quality products and manipulation of tender specifications. ISO 9000 certification was first introduced and granted to a UAE company in 1993. Since then, more have received the certification, and the EU is funding a standards center in the UAE to implement ISO 9000 certification

Standards Organizations

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ESMA is headquartered in Abu Dhabi, the capital of the UAE, and maintains a branch office in Dubai. ESMA has recently formed four major divisions/departments within its organization including standards, accreditation, conformity and metrology. Lists of standards are available at ESMA's head office in Abu Dhabi and branch office in Dubai.

Following is the contact address of ESMA's head office and the various divisions within the organization:

Emirates Authority for Standardization and Metrology (ESMA)
P.O. Box 2166
Abu Dhabi, UAE
Phone: +971 2 671 1110
Fax: +971 2 671 5999
Email: esma@uae.gov.ae
Contact: Mr. Walid Bin Falah Al Mansouri, Director General

Emirates Standardization Department
P.O. Box 2166
Dubai, UAE
Phone: +971 2 676 3743
Fax: +971 2 617 5999
Email: alsherif.esma@uae.gov.ae
Contact: Mr. Abdul Ghaffar Al Sherif, Director

Emirates National Accreditation system (ENAS)
P.O. Box 48666
Dubai, UAE
Phone: +971 4 295 1737
Fax: +971 4 294 4428
Email: accreditation.esma@uae.gov.ae
Contact: Mr. Abdula Hamid Alwan, Director

Emirates Conformity & Assessment Scheme
P.O. Box 48666
Dubai, UAE
Phone: +971 4 295 1626
Fax: +971 4 294 4428
Email: afaneh.esma@uae.gov.ae
Contact: Mr. Hatim Afaneh, Director

Emirates Metrology Department
P.O. Box 48666
Dubai, UAE
Phone: +971 4 294 4434
Fax: +971 4 294 4428
Email: salam.esma@uae.gov.ae
Contact: Mrs. Salam Mohamed Al Heyari, Metrology Specialist

Conformity Assessment

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ESMA 's conformity department is responsible for implementing specialized programs such as Quality and Conformity Marks, Conformity Certification according to Internationally approved methods. Conformity assures compliance to either national or internationally approved standards. Compliant products are issued with Certificates.

These Certificates increase the level of trustworthiness in national products, and accordingly raise their ability to compete in the foreign markets.

The Conformity department builds databases for products and companies that deal with conforming products. In addition, conformity personnel participate in conferences, organizations, authorities and committees and meetings for activities related to conformity.

The Conformity Department consists of three main sections: local conformity section, international conformity section and inspection.

Product Certification

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ESMA practices its authority and responsibility to ensure safety, health, economical and environmental protection by ensuring that services and consumer commodities are of quality and in conformity with the National standards. Whenever National or Gulf Standards are not available, ESMA uses international or foreign standards suitable to the UAE environment and conditions, in terms of health and safety requirements.

The Emirates Authority for Standardization & Metrology (ESMA) implemented the Emirates Conformity Assessment Scheme (ECAS), as a system combining conformity assessment and certification for products in the local market. In addition, exporters of regulated products may choose to obtain a certificate of conformity for their exported shipments.

Certificates of Conformity are issued for products that comply with National or Gulf Standards. Whenever these standards are unavailable, other approved standards such as international, or foreign can alternatively be used. Special attention will be paid to the UAE special national requirements whenever they exist.

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Test reports from any accredited or approved laboratory shall be submitted to ESMA. These reports shall be reviewed and the compliance level to standards is assessed.

If all the essential requirements are not fulfilled, the applicant will be informed of the relevant standards and/or the steps needed to meet these essential requirements. These steps could include type testing or modification of the product according to the observed discrepancy.

Laboratories:

The Authority supervises and manages the scheme in addition to monitoring the laboratories performance to support all the Scheme's requirements.

The Approved Laboratories are those:

Accredited by national recognized organizations

Approved by the Authority based on evaluating their capabilities

Accredited by the National Accreditation Body

Other laboratories nominated by the manufacturers

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Currently, ECAS applies to five product categories (toys; automotive car batteries; paints; automotive lubricating oils; and synthetic detergents – household synthetic powdered detergents for household use). The list is not intended to be comprehensive and more products may be added at a future date. The addition of more products is based on assessment of consumer exposure to hazards as well as the extent to which such products comply with the national standards on a voluntary basis.

Products added to the regulated products list will be advertised at least two months prior to implementation, in order to allow sufficient time to assess such products and demonstrate compliance.

The ECAS procedures and guidelines provide comprehensive information on the requirements of the Emirates Conformity Assessment Scheme (ECAS). It explains the steps required for compliance and how Certificates of Conformity can be obtained. These guidelines also contain the requirements related to the self-declaration and registration processes.

Regulated Products under this Scheme are listed on ESMA's web site. Any clarifications can be obtained by contacting the authority. The Authority can provide comprehensive details on the scope of products regulated under the Scheme.

The Authority can be contacted for any clarification concerning regulated products. In addition, the Authority can issue a formal Clarification Letter to illuminate whether the product is regulated or not. This letter is valid for a period of one year from its date of issue to prove the status of the products, subject to no alterations or changes to the regulated products list.

Labeling and Marking

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The Emirates Authority for standardization and metrology is currently developing packaging and product labeling standards. Please visit ESMA web site or contact the Conformity Department directly at the following address:

Conformity Department
Emirates Authority for Standardization & Metrology
P.O. Box: 48666
Dubai - United Arab Emirates
Telephone: + 971 4 295 1626
Fax : + 971 4 295 1898
E-mail on: conformity.esma@uae.gov.ae
Web Site: <http://www.uae.gov.ae/esma/English/Home.htm>

E-mail: adel.fehmi@mail.doc.gov for additional information from the U.S. Commercial Service for the UAE.

Trade Agreements

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The UAE is a member of the Gulf Cooperation Council (GCC). In 1981, the GCC issued the Unified Economic Agreement, a plan for complete economic integration among the six member states (Saudi Arabia, Kuwait, UAE, Bahrain, Qatar and Oman). As no time schedule for implementation was adopted in the original agreement, the agreement has been supported in principal only. However, over the next 6-8 years, provisions of this agreement will be implemented. For example, by 2006 the harmonized food schedule will be implemented and by 2008, a unified currency is scheduled to be in place.

Under the agreement, all agricultural, animal, industrial, and natural resource products from member states are exempt from duties and other charges when traded among member states. To qualify as a GCC national product, the value added in a GCC member state must not be less than 40 percent of the final value and produced in a factory with at least 51 percent local ownership and licensed by the respective Ministry of Finance and Industry. All intra-GCC shipments claiming this exemption must be accompanied by a duly authenticated certificate of origin.

Telecommunications

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The Emirates Telecommunications Corporation (Etisalat) is the sole telecom provider in the UAE. Currently there are over 2.4 million mobile subscribers (up from 43,000 in 1992), representing a penetration rate of 70 percent. The Global System for Mobile Communications (GSM) operating in the 900 MHz band is the standard for all the mobile phones in the UAE. Fixed telephone subscribers are 1.1 million representing a penetration rate of 32 percent. These rates are comparable with most advanced countries in the World. Internet subscriptions have grown to over 280,000, representing more than a million users. This takes the UAE to the 19th position in the world in terms of Internet penetration. Etisalat has been providing Internet service in the UAE since August 1995 and the UAE has one of the fastest Internet growth rates in the world. This is largely because Etisalat offers the cheapest Internet access in the Arab world. Digital Subscriber Line (DSL) and Integrated Services Digital Network (ISDN) services are also available for both Internet and video-conferencing at competitive rates.

For more information check their web site at <http://www.etisalat.ae/>

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Taxis are common and inexpensive. In Abu Dhabi, fares rarely exceed Dhs. 14 (US \$3.50). Luxury radio taxis are available from the major hotels for triple the rate of street taxis, but are still a bargain. In Dubai, not all taxis are metered, but fares should not exceed Dhs. 30 (US \$8) unless traveling to the outer suburbs. The fare from the World Trade Center to the Jebel Ali Free Trade Zone is about Dhs. 105-110 (US \$30-36).

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The language of business is English and Arabic. Most taxi drivers understand sufficient English to get you where you want to go.

Public health services in Abu Dhabi and Dubai are adequate, i.e., major trauma cases can be stabilized. Major hospitals have modern equipment and non-Western trained personnel to operate them. Most western expatriates use private medical facilities and carry private health insurance

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Local Time: GMT+4 hrs

Government offices open at 7:30 am Saturday through Wednesday and close at 2 p.m. for the day. Local businesses often close from 1:00 p.m. until 4:30 or 5:00 p.m. and then re-open for several hours. Visitors should plan appointments around these timings as UAE businesspeople may not adjust their schedules in order to meet during their closing time. Private UAE companies close Thursday afternoon and Friday. Business meetings are rarely, if ever, held on Thursday afternoon or Friday, which UAE nationals value as family time.

US Embassy Holidays 2006

New Year's Day	January 1	Sunday
Waqfa & Eid Al-Adha*	January 10 -12	Tuesday – Thursday
Martin Luther King Jr. Day	January 14	Saturday
Islamic New Year*	January 31	Tuesday
President's Day	February 18	Saturday
The Prophet's Birthday*	April 11	Tuesday
Memorial Day	May 27	Saturday
Independence Day	July 4	Tuesday
The Prophet's Ascension Day*	August 21	Monday
Labor Day	September 2	Saturday
Columbus Day	October 7	Saturday
Veteran's Day	November 11	Saturday
Eid Al Fitr*	October 24 - 26	Tuesday – Thursday
Thanksgiving Day	November 23	Wednesday
UAE National Day*	December 2	Saturday
Christmas Day	December 25	Monday
Eid Al Adha*	December 31 – January 3, 2007	Sunday - Tuesday

* Denotes UAE religious and/or national holiday. Dates for religious holidays are dependent upon the sighting of the moon and may vary from these dates.

** If UAE declares this holiday. The remaining holidays are US Embassy holidays.

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As a general rule, imports of goods into the UAE for the purpose of re-export within six months are exempt from customs duty. However, a deposit or submission of a bank guarantee in lieu of duty is required by Customs. The deposit or bank guarantee is refunded/released by the local Custom authority on proof of re-export. Goods remaining in the UAE after six months are liable for customs duty.

Goods may be imported duty free and stored in any of several free zones in the UAE. Goods, which enter the UAE from these free zones, must pay the duty noted previously. There is no provision for duty free entry of parts or components intended for the manufacture of goods to subsequently be exported. As duties are already so low, this has not been a major impediment to manufacturing industries in the UAE.

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The website for the US Embassy in Abu Dhabi is <http://usembassy.state.gov/uae/>

The website for the US Consulate in Dubai is <http://dubai.usconsulate.gov/>

The website for the Department of State, where you can find travel advisories, is www.state.gov.

Emirates Authority for Standardization and Metrology (ESMA)

<http://www.uae.gov.ae/esma/English/Home.htm>

Web site for Etisalat (Telecommunications Department of UAE) <http://www.etisalat.ae/>.

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at (800) USA-TRADE, or go to the following website: <http://www.export.gov>.

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.